

**DUCHESNE COUNTY**

**Financial Statements**

**Years Ending December 31, 2004**

Duchesne County

FINANCIAL STATEMENTS

Year Ended December 31, 2004

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**AYCOCK, MILES & ASSOCIATES, CPAs, P.C.**

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### **Independent Auditors' Report**

We have audited the accompanying financial statements of the governmental activities, each major fund, aggregate remaining fund information, and budgetary comparison information of Duchesne County as of and for the year ended December 31, 2004, which collectively comprise Duchesne County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Duchesne County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, aggregate remaining fund information, and budgetary comparison information of Duchesne County as of December 31, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2005 on our consideration of Duchesne County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 8 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Duchesne County's basic financial statements. The accompanying financial information listed as combining statements and schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Aycock, miles & Associates, CPAs, P.C.*

June 16, 2005

## Management's Discussion and Analysis

As management of the Duchesne County (the County), we offer readers of the County's financial statements this narrative overview and analysis of financial activities of the County for the fiscal year ended December 31, 2004.

### Financial Highlights

- Assets exceeded liabilities at closest year-end: \$48,385,978 - \$8,394,774 = \$39,991,204. Of this amount, \$11,449,417 is unrestricted and available to meet the County's ongoing obligations.
- Net assets increased \$1,011,854.
- Fund balances increased \$78,784 despite capital outlay of \$1,920,230 and debt service of \$814,919.
- Cash increased \$260,646 from \$9,001,676 to \$9,650,503.
- The County's total assets of \$48,385,978 were 19.9% cash and savings.
- The County's long-term debt decreased \$365,000 from \$7,690,000 to \$7,325,000 at year-end.
- Long-term debt is projected to decrease approximately 7% next year.
- Current assets increased \$117,428 from \$12,187,332 to \$12,304,760.
- Current liabilities increased \$37,079 from \$1,520,695 to \$1,557,774.
- The current ratio (current assets/current liabilities) was 7.90 in 2004 and 8.02 in 2003.
- Current assets compared to total liabilities was 147% in 2004 and 140% in 2003—an indication that financial stability is improving.
- The 2004 and 2003 general fund unreserved balances of \$2,930,467 and \$2,902,688, respectively, were 32% and 34% of general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements**—The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector businesses.

The statement of net assets present information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general administration, tax collection, recording, surveying, library and fairgrounds, grants management, fire and emergency management, etc. The County has no business-type activities.

Governmental-wide financial statements can be found on pages 9-10 of this report.

**Fund financial statements**—A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The County does not have any proprietary funds.

**Governmental funds**—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of the revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road fund, debt service fund, solid waste fund and capital projects fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the major funds to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found on pages 13-14 of this report.

**Fiduciary Funds**—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds which report in a manner similar to the government-wide financial statements, only in more detail.

**Notes to the financial statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-32 of this report.

**Other information**—In addition to the basic financial statements and accompanying notes, this report also contains combining statements which provide detail to support the aggregate of nonmajor fund information.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$39,991,204 at the close of the most recent fiscal year.

The largest portion of the County's net assets were capital assets (equipment, land, and infrastructure) less related debt still outstanding at 71%. Unrestricted net assets which may be used to meet the government's ongoing

obligations to citizens and creditors comprised 29%. The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate any liabilities.

<u>Net Assets</u>	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 12,304,760	\$ 12,187,332
Non current assets net of depreciation	<u>36,081,218</u>	<u>35,507,713</u>
Total assets	48,385,978	47,695,045
Current liabilities	1,557,774	1,520,695
Long-term liabilities	<u>6,837,000</u>	<u>7,195,000</u>
Total liabilities	8,394,774	8,715,695
Net assets:		
Invested in capital assets, net of related debt	28,541,787	27,391,468
Restricted	-	-
Unrestricted	<u>11,449,417</u>	<u>11,161,637</u>
Total net assets	<u>\$ 39,991,204</u>	<u>\$ 38,979,350</u>

The County's net assets increased by \$1,011,854 during the current fiscal year. For the most part, ongoing revenues exceeded the operational expenses of the County. A ratio of current assets compared to total liabilities were 147% for 2004 and 140% for 2003. The next segment will outline the changes in net assets.

**Government activities**—Governmental activities increased the County's net assets by \$1,217,242, thereby accounting for 100% of the growth in total net assets. Key elements of this increase are as follows.

<u>Change in Net Assets</u>	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Program revenues:		
Charges for services	\$ 4,173,192	\$ 3,863,786
Operating grants	2,210,015	3,292,007
Capital grants	775,447	-
General revenues:		
Taxes	5,472,658	5,416,846
Earnings on investments	<u>186,013</u>	<u>173,292</u>
Total revenues	12,817,325	12,745,931
Expenses:		
General government	2,684,136	2,511,418
Roads	1,847,030	2,603,888
Public safety	5,135,139	4,635,865
Health & sanitation	713,219	630,268
Culture & recreation	393,383	354,693
Community development	712,644	656,904
Interest & fees on long-term debt	<u>319,920</u>	<u>241,070</u>
Total expenses	<u>11,805,471</u>	<u>11,634,106</u>
Increase in net assets	<u>\$ 1,011,854</u>	<u>\$ 1,111,825</u>

Revenues from taxes increased \$55,812 (1%), charges for services increased \$309,406 (8%) and operating and capital grants decreased \$306,545 (9%). Grants will vary from year to year based simply on the nature of grants.

The current year brought higher expenses for many of the expense categories except for roads. Health and sanitation increased because of a large increase in landfill fees. Interest and fees increased because of the issuance costs related to an advance refunding bond. Other areas increased mainly from an increase in budget. The County uses these increases in net assets to pay for new equipment and debt service. The analysis of the government's funds includes capital outlay and debt service.

### **Financial Analysis of the Government's Funds**

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds**—The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$11,135,729, an increase of \$78,784 in comparison with the prior year. Of this total amount, the unreserved fund balance is \$3,534,497, the reserved balance is \$1,825,987, and the designated balance is \$5,775,245. Unreserved balances are available for spending at the government's discretion. Reserved balances are set aside for their grant or special revenue purposes. Specifically, \$1,647,041 is reserved for roads. The designated balances have been earmarked by the Commission for certain purposes including landfill (\$714,431), capital projects (\$4,342,540), and debt service (\$718,274); however, the Commission is not bound by these purposes and can reallocate the funds back to the general fund.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,930,467, while total general fund balance was the same balance. As a measure of the general fund's liquidity, it may be useful to compare both unreserved general fund balance and total fund balance to total fund expenditures. The 2004 unreserved fund balance represents 32.4% of total general fund expenditures (includes operating transfers out). The 2003 unreserved fund balance represented about 34.0%. As a result, the general fund has a slightly smaller cushion of funds to meet budgeted expenses.

The fund balance of the County's general fund increased by \$27,779 during the current fiscal year. The general fund increased because various taxes and charges exceeded expenses for all departments.

The road fund has a total fund balance of \$1,647,041, an increase of \$55,415 from the previous year.

The capital projects fund has a total fund balance \$4,342,540, a decrease of \$70,323. The Commission has designated this entire balance for the eventual purchase of equipment, etc. for the County. The capital projects fund receives its additions to fund balance largely through operating transfers from other funds, particularly the general fund.

### **Fund Budgetary Highlights**

Some small amendments were made to the funds' original budgets to cover deviations from projected expenses. The general fund budget was increased \$150,000 or 1.8%. The road department and solid waste fund did not change their budgets.



### **Capital Asset and Debt Administration**

**Capital assets**—The County's investment in capital assets for its governmental activities as of December 31, 2004 is \$35,866,787 (net of accumulated depreciation). These capital assets range from copiers to earthmovers, buildings, and infrastructure. Net capital assets increased \$579,931. Net capital assets increased because additions of \$1,920,230 were greater than depreciation and disposals of \$1,340,299. The road department increased roads by \$376,172 and equipment by \$578,049 (a total of 50% of all additions). The fire & emergency management had additions of \$207,227, the sheriff department had additions of \$497,351, the general administration had additions of \$184,162, and the balance of additions by all other departments.

<u>Net Capital Assets</u>	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Capital assets net of depreciation	\$ 13,915,942	\$ 13,743,296
Land & infrastructure	21,950,845	21,543,560
Total	<u>\$ 35,866,787</u>	<u>\$ 35,286,856</u>

**Long-term debt**—The County decreased its long-term debt \$365,000 from \$7,690,000 to \$7,325,000. The County does not maintain a debt rating. State statutes limit the amount of general obligation bond debt and do not limit the amount of revenue bond debt. In either case, an election must be held although there are some exceptions to revenue bond issuance. The County had \$5,322,000 general obligation debt and \$2,003,000 revenue bond debt. For the next five years, the County expects to decrease its debt principal about \$488,000 to \$509,000 each year.

In addition to debt service on existing debt, the County refunded \$3,300,000 of debt in order to reduce the interest rate by about 2.5% to 3.0% on that debt. There was no additional debt incurred.

The County also has conduit debt of \$1,543,000. This conduit debt is debt in the name of the County on behalf of other entities who are responsible for the debt service. The County has elected to not report this conduit debt or its corresponding note receivables in the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

Economic factors of Duchesne County have been reasonably steady in recent years. Economic growth hinges on the success of oilfield operations which have been somewhat stable as compared to major fluctuations years ago. Taxable values of local and state assessed real property increased 15% from 2003 to 2004. The oilfield economy performed well last year causing increases in property values.

General fund budget of \$9,342,568 for the 2005 year is slightly larger in total than the most recent year-end's actual expenditures of \$9,055,743. Budget increases were generally due to inflationary measures.

The County has budgeted for the same current tax revenues as the prior year. Because valuations are expected to increase in the County, the tax rates are anticipated to fall slightly. The rates have dropped slightly for each of the last three years.

### **Modified Approach to Infrastructure Assets**

Governments have the option of not reporting depreciation on one or more networks or subsystems of their infrastructure assets. Duchesne County has elected to not depreciate its infrastructure and therefore has adopted the modified approach. The modified approach requires a target condition and a condition assessment to be made at least every three years.

This is the second year that the County has published a condition assessment for its infrastructure. The County believes that the current conditions of its roads and bridges can be maintained with the approximate level of expenditures that occurred during the most recent year end.

The County maintains 366 miles of paved roads, 420 miles of gravel roads, 309 miles of dirt roads, and 50 bridges. The County has adopted a 1-5 scale (5 is best) for its roads and bridges. The assessed road conditions are slightly better than the County's target conditions. See condition assessment below for bridges and road miles.

<u>Condition</u>	<u>Bridges</u>	<u>Paved</u>	<u>Gravel</u>	<u>Dirt</u>
1	-	27	-	122
2	-	36	21	124
3	14	107	170	62
4	8	89	98	-
5	28	107	131	-
Average Target	4.28	3.45	3.80	1.80
Average Assessment	4.25	3.59	3.80	1.81

The bridges and roads assessment for 2003 was the same as the current year's target values. Therefore, the 2004 assessment of bridges and roads indicate a slight improvement over last year's condition.

#### **Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Duchesne County Clerk/Auditor, 734 N. Center Street, Duchesne, Utah 84021.

Duchesne County  
**STATEMENT OF NET ASSETS**  
December 31, 2004

	Governmental Activities	Component Units
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 9,650,503	\$ 827,254
Receivables, net of allowances:		
Taxes or customer	975,041	16,310
Delinquent property taxes	250,874	-
Interest	10,088	-
Intergovernmental	1,236,185	567,469
Prepaid expenses	119,255	43
Unamortized premium to interest expense	62,814	-
Total current assets	12,304,760	1,411,076
<b>Non current assets:</b>		
Capital assets, net of accumulated depreciation	13,915,942	2,450,183
Land & infrastructure	21,950,845	127,601
Investment in joint venture	214,431	-
Total noncurrent assets	36,081,218	2,577,784
<b>Total Assets</b>	<b>\$ 48,385,978</b>	<b>\$ 3,988,860</b>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 502,678	\$ 903
Deferred revenue	64,495	2,557
Accrued payroll and related items	502,601	2,976
Notes & bonds payable-current	488,000	67,000
Total current liabilities	1,557,774	73,436
<b>Noncurrent liabilities:</b>		
Note & bonds payable-long-term	6,837,000	1,164,814
Total noncurrent liabilities	6,837,000	1,164,814
<b>Total Liabilities</b>	<b>8,394,774</b>	<b>1,238,250</b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	28,541,787	1,220,369
Restricted assets	-	126,144
Unrestricted assets	11,449,417	1,404,097
Total Net Assets	39,991,204	2,750,610
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$ 48,385,978</b>	<b>\$ 3,988,860</b>

See accompanying notes.

**Duchesne County**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2004

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total	
				Governmental Activities	Component Units
<b>Governmental Activities:</b>					
General government	\$ 2,684,136	\$ 19,124	\$ -	\$ (2,225,752)	\$ -
Roads	1,847,030	1,893,221	-	114,934	-
Sheriff & court system	2,483,736	212,344	-	(1,617,189)	-
Fire & emergency management	400,508	4,875	349,960	(39,041)	-
Corrections	2,250,895	-	-	240,511	-
Health & sanitation	713,219	-	-	(305,449)	-
Culture & recreation	393,383	67,908	-	(241,032)	-
Community development	712,644	12,543	425,487	(253,879)	-
Interest, fees & issuance costs	319,920	-	-	(319,920)	-
Total Primary Government	11,805,471	2,210,015	775,447	(4,646,817)	-
<b>Component Units:</b>					
Fruitland Water	141,669	-	64,000	-	83,692
Special Service District No. 2	965,917	1,431,889	-	-	465,972
Total Component Units	\$ 1,107,586	\$ 1,431,889	\$ 64,000	-	549,664
<b>General Revenues:</b>					
Fees in lieu of taxes				1,199,788	42,068
Property taxes				2,817,513	-
Sales taxes				1,455,357	-
Earnings on investments				186,013	16,260
Total General Revenues				5,658,671	58,328
Change in Net Assets				1,011,854	607,992
Beginning Net Assets				38,979,350	2,142,618
Ending Net Assets				\$ 39,991,204	\$ 2,750,610

See accompanying notes.  
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**Duchesne County**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
*December 31, 2004*

**Total Fund Balances for Governmental Funds**

**\$ 11,135,729**

Total net assets reported for governmental activities in the statement of net assets is different because of the following:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of the following:

Depreciable property, net of accumulated depreciation  
Land & infrastructure

13,915,942  
21,950,845

35,866,787

Deferred property tax revenue includes delinquent property taxes in the fund statements but not in the government-wide statements.

250,874

Unamortized premium from transactions related to advance refunding bonds

62,814

Long-term liabilities, including bonds payable, are due and payable in the current period and therefore are not reported in the funds

(7,325,000)

**Total Net Assets of Governmental Activities**

**\$ 39,991,204**

See accompanying notes.

**Duchesne County**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
*December 31, 2004*

**Net Change in Fund Balances--Total Governmental Funds** **\$ 78,784**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays for buildings & equipment	1,544,058	
Capital outlays for infrastructure	376,172	
Loss on disposal of equipment	(205,388)	
Depreciation	<u>(1,134,911)</u>	
		579,931

Government funds do not report changes in delinquent taxes as revenue because these revenues are not available for current period expenses. (74,675)

Advance refunding bonds proceeds greater than payments to escrow for the refunded debt. (67,186)

Governmental funds report debt services as an expenditure. However, repayment of debt does not affect the statement of activities but rather is a reduction of the statement of net assets' liability. 495,000

**Change in Net Assets of Governmental Activities** **\$ 1,011,854**

Duchesne County  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2004

	Special Revenue Funds					Debt Service	Other Funds	Total
	General	Roads	Solid Waste	Capital Projects				
<b>Assets</b>								
Cash and cash equivalents	\$ 2,372,919	\$ 1,219,051	\$ 1,075,531	\$ 4,342,540	\$ 718,274	\$ (77,812)	\$ 9,650,503	
Receivables, net of allowances:								
Taxes or customer	838,685	-	114,347	-	-	22,009	975,041	
Delinquent taxes	250,874	-	-	-	-	-	250,874	
Interest	10,088	-	-	-	-	-	10,088	
Intergovernmental	501,957	427,990	-	-	-	306,238	1,236,185	
Prepaid expenses	119,255	-	-	-	-	-	119,255	
Investment in joint venture	-	-	214,431	-	-	-	214,431	
<b>Total Assets</b>	<b>\$ 4,093,778</b>	<b>\$ 1,647,041</b>	<b>\$ 1,404,309</b>	<b>\$ 4,342,540</b>	<b>\$ 718,274</b>	<b>\$ 250,435</b>	<b>\$ 12,456,377</b>	
<b>Liabilities &amp; Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 417,298	\$ -	\$ 85,082	\$ -	\$ -	\$ 298	\$ 502,678	
Accrued payroll and related items	495,139	-	766	-	-	6,696	502,601	
Deferred revenue	250,874	-	-	-	-	64,495	315,369	
Total Liabilities	1,163,311	-	85,848	-	-	71,489	1,320,648	
<b>Fund Balances:</b>								
Designated balance	-	-	714,431	4,342,540	718,274	-	5,775,245	
Reserved balance	-	1,647,041	-	-	-	178,946	1,825,987	
Unreserved	2,930,467	-	604,030	-	-	-	3,534,497	
Total Fund Equity	2,930,467	1,647,041	1,318,461	4,342,540	718,274	178,946	11,135,729	
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 4,093,778</b>	<b>\$ 1,647,041</b>	<b>\$ 1,404,309</b>	<b>\$ 4,342,540</b>	<b>\$ 718,274</b>	<b>\$ 250,435</b>	<b>\$ 12,456,377</b>	

See accompanying notes.  
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Duchess County  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2004

	General	Special Revenue Funds			Capital Projects	Debt Service	Other Funds	Total
		Roads	Solid Waste					
<b>Revenues:</b>								
Taxes	\$ 5,385,745	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,375	\$ 5,507,120
Licenses and permits	145,675	-	-	-	-	-	-	145,675
Intergovernmental	262,878	1,893,221	-	-	12,250	-	1,031,810	3,200,159
Charges for services, fees	3,185,229	-	395,354	-	-	-	6,969	3,587,552
Miscellaneous	67,993	16,287	-	180,908	293	-	-	265,481
Earnings on investments	36,002	20,326	19,806	72,862	32,759	-	4,258	186,013
<b>Total Revenue</b>	<b>9,083,522</b>	<b>1,929,834</b>	<b>415,160</b>	<b>253,770</b>	<b>45,302</b>	<b>-</b>	<b>1,164,412</b>	<b>12,892,000</b>
<b>Expenditures:</b>								
General government	2,406,237	-	-	-	-	-	-	2,406,237
Public safety	4,281,183	-	-	-	-	-	188,455	4,469,638
Public health	247,280	-	402,597	-	-	-	-	649,877
Highways & public improvements	396,828	1,173,247	-	-	-	-	-	1,570,075
Culture and recreation	163,905	-	-	-	-	-	186,332	350,237
Community & economic development	291,606	-	-	-	-	-	407,582	699,188
Capital outlay	12,075	701,172	-	854,417	-	-	352,566	1,920,230
Debt Service:								
Principal	-	-	-	-	495,000	-	-	495,000
Bond issuance costs	-	-	-	-	63,079	-	-	63,079
Interest & fees	-	-	-	-	256,840	-	-	256,840
<b>Total Expenditures</b>	<b>7,799,114</b>	<b>1,874,419</b>	<b>402,597</b>	<b>854,417</b>	<b>814,919</b>	<b>-</b>	<b>1,134,935</b>	<b>12,880,401</b>
Excess (deficiency) of revenue over expenditures	1,284,408	55,415	12,563	(600,647)	(769,617)	-	29,477	11,599
<b>Other Sources &amp; Uses:</b>								
Refunding bonds issued	-	-	-	-	3,554,826	-	-	3,554,826
Payment to refunded bond escrow agent	-	-	-	-	(3,487,641)	-	-	(3,487,641)
Operating transfer in	-	-	-	555,324	747,000	-	30,780	1,333,104
Operating transfer (out)	(1,256,629)	-	-	(25,000)	-	-	(51,475)	(1,333,104)
Excess (deficiency) of revenue over expenditures after other sources & uses	27,779	55,415	12,563	(70,323)	44,568	-	8,782	78,784
<b>Fund balance, January 1</b>	<b>2,902,688</b>	<b>1,591,626</b>	<b>1,305,898</b>	<b>4,412,863</b>	<b>673,706</b>	<b>-</b>	<b>170,164</b>	<b>11,056,945</b>
<b>Fund balance, December 31</b>	<b>\$ 2,930,467</b>	<b>\$ 1,647,041</b>	<b>\$ 1,318,461</b>	<b>\$ 4,342,540</b>	<b>\$ 718,274</b>	<b>\$ -</b>	<b>\$ 178,946</b>	<b>\$ 11,135,729</b>

See accompanying notes.  
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Duchesne County  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**

For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 5,510,000	\$ 5,660,000	\$ 5,385,745	\$ (274,255)
Licenses and permits	88,000	88,000	145,675	57,675
Intergovernmental	290,300	290,300	262,878	(27,422)
Charges for services, fees	2,949,900	2,949,900	3,185,229	235,329
Miscellaneous	129,479	129,479	67,993	(61,486)
Earnings on investments	15,000	15,000	36,002	21,002
Total Revenue	8,982,679	9,132,679	9,083,522	(49,157)
<b>Expenditures:</b>				
General government	2,462,650	2,441,650	2,406,237	35,413
Public safety	4,226,565	4,359,565	4,281,183	78,382
Public health	254,350	254,350	247,280	7,070
Highways & public improvements	602,895	612,895	396,828	216,067
Culture and recreation	191,781	191,781	163,905	27,876
Community & economic development	294,443	322,443	291,606	30,837
Capital outlay	58,077	58,077	12,075	46,002
Debt Service:				
Principal	-	-	-	-
Bond issuance costs	-	-	-	-
Interest & fees	-	-	-	-
Total Expenditures	8,090,761	8,240,761	7,799,114	441,647
Excess (deficiency) of revenue over	891,918	891,918	1,284,408	392,490
<b>Other Sources &amp; Uses:</b>				
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Operating transfer in	-	-	-	-
Operating transfer (out)	(891,918)	(891,918)	(1,256,629)	(364,711)
Excess (deficiency) of revenue over	-	-	27,779	27,779
Fund balance, January 1	2,902,688	2,902,688	2,902,688	-
Fund balance, December 31	\$ 2,902,688	\$ 2,902,688	\$ 2,930,467	\$ 27,779

See accompanying notes.

Duchesne County  
**BUDGETARY COMPARISON SCHEDULE**  
**ROAD FUND (SPECIAL REVENUE)**  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	2,000,000	2,000,000	1,893,221	(106,779)
Charges for services, fees	-	-	-	-
Miscellaneous	170,000	170,000	16,287	(153,713)
Earnings on investments	30,000	30,000	20,326	(9,674)
Total Revenue	2,200,000	2,200,000	1,929,834	(270,166)
<b>Expenditures:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public health	-	-	-	-
Highways & public improvements	1,888,000	1,888,000	1,549,419	338,581
Culture and recreation	-	-	-	-
Community & economic development	-	-	-	-
Capital outlay	312,000	312,000	325,000	(13,000)
Debt Service:				
Principal	-	-	-	-
Bond issuance costs	-	-	-	-
Interest & fees	-	-	-	-
Total Expenditures	2,200,000	2,200,000	1,874,419	325,581
Excess (deficiency) of revenue over	-	-	55,415	55,415
<b>Other Sources &amp; Uses:</b>				
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Operating transfer in	-	-	-	-
Operating transfer (out)	-	-	-	-
Excess (deficiency) of revenue over	-	-	55,415	55,415
Fund balance, January 1	1,591,626	1,591,626	1,591,626	-
Fund balance, December 31	\$ 1,591,626	\$ 1,591,626	\$ 1,647,041	\$ 55,415

See accompanying notes.

Duchesne County  
**BUDGETARY COMPARISON SCHEDULE**  
**SOLID WASTE FUND (SPECIAL REVENUE)**  
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services, fees	390,000	390,000	395,354	5,354
Miscellaneous	-	-	-	-
Earnings on investments	10,000	10,000	19,806	9,806
Total Revenue	400,000	400,000	415,160	15,160
<b>Expenditures:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public health	397,989	397,989	402,597	(4,608)
Highways & public improvements	-	-	-	-
Culture and recreation	-	-	-	-
Community & economic development	-	-	-	-
Capital outlay	2,011	2,011	-	2,011
<b>Debt Service:</b>				
Principal	-	-	-	-
Bond issuance costs	-	-	-	-
Interest & fees	-	-	-	-
Total Expenditures	400,000	400,000	402,597	(2,597)
Excess (deficiency) of revenue over	-	-	12,563	12,563
<b>Other Sources &amp; Uses:</b>				
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Operating transfer in	-	-	-	-
Operating transfer (out)	-	-	-	-
Excess (deficiency) of revenue over	-	-	12,563	12,563
Fund balance, January 1	1,305,898	1,305,898	1,305,898	-
Fund balance, December 31	\$ 1,305,898	\$ 1,305,898	\$ 1,318,461	\$ 12,563

See accompanying notes.

Duchesne County  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
December 31, 2004

	Private-Purpose Trusts	Agency
<b>Assets</b>		
Cash and cash equivalents	\$ 95,065	\$ 2,245,657
<b>Total Assets</b>	<u>\$ 95,065</u>	<u>\$ 2,245,657</u>
<b>Liabilities &amp; Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ -
Payable to other government units	-	2,245,657
<b>Total Liabilities</b>	-	2,245,657
<b>Net Assets:</b>		
Held in trust for private purposes	95,065	-
<b>Total Net Assets</b>	<u>95,065</u>	<u>-</u>
<b>Total Liabilities &amp; Net Assets</b>	<u>\$ 95,065</u>	<u>\$ 2,245,657</u>

See accompanying notes.

Duchesne County  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**

For the Year Ended December 31, 2004

	Private-Purpose Trusts
<b>Additions</b>	
Interest	\$ 497
Contributions	-
Total Additions	497
<b>Deductions</b>	
Distributions of benefits	-
Other	-
Total Deductions	-
Change in Net Assets	497
Beginning Net Assets	94,568
Ending Net Assets	<u>\$ 95,065</u>

See accompanying notes.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2004*

**NOTE 1**      **Summary of Significant Accounting Policies**

**Reporting Entity**—Duchesne County (the County) is incorporated under the laws of the State of Utah as provided by both constitution and statute. The County operates under a Commissioner form of government, the commission being composed of three elected members serving as part time legislators and administrators. The government provides the following services as authorized by its charter; public safety, public health, streets and highways, sanitation, social service, culture recreation, education, public improvements, planning and zoning, and general administrative service.

The accounting policies of the Duchesne County conform to generally accepted accounting principles as applicable to governmental units. For financial reporting purposes, the County has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include (1) appointing a voting majority of an organization's governing body, (2) the ability of the County to impose its will on that organization or (3) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these financial statements present Duchesne County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. The component units had separately issued financial statements. Complete financial statements of the individual component units can be obtained from their respective administrative offices. The following component units are included:

*Duchesne County Special Service District #2* - A special district organized by Duchesne County which provides financing for county roads. This is included in the financial statements in the component unit column.

*Fruitland Special Service District* - A special district organized by Duchesne County which provides water services to the Fruitland area in the County. This district is found in the proprietary fund column.

The County is affiliated with other component units but have not included these units in their financial statements because their operational and financial relationship with the County is less significant. The impact these units may have on the County's financial statements will be evaluated periodically. The units are the following:

- Pinon Forest Special Service District
- Cedarview-Montwell Special Service District.

Disclosures of the component units follow those of the primary government in these notes to the financial statements. The accounting policies of Duchesne County conform to generally accepted accounting principles as applicable to governments.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2004*

**Related Entities**—The County is related to three other entities that are not considered component units.

*Duchesne/Wasatch Special Service District* (commonly known as the Bluebench Landfill) is a special district created in 1998 for the Counties of Duchesne and Wasatch for the purpose of operating a solid waste landfill. The District's revenues are received through tippage fees charged to each County based on tonnage delivered to the landfill. Duchesne County accounts for its tippage expenses in a solid waste special revenue fund. The County Commissioners from both Counties comprise the Landfill's Board of Directors (neither County has a majority vote). The County reports its share of the investment in the Bluebench Landfill.

*Uintah Basin Medical Center* is a nonprofit hospital within Duchesne County. The Medical Center was created Duchesne County as a Utah nonprofit corporation. The Medical Center received nonprofit 501c3 status from the internal revenue service. The County holds the ownership interest in the nonprofit. Although the County Commissioners appoint the Medical Center's board members, the County is unable to impose its will or be financially burdened by the Medical Center. The Commissioners do hold the right to dissolve or sell the Medical Center.

*Duchesne County Mosquito Abatement District* operates mosquito control within the County. The County appoints one board member to the District and is unable to exert any control.

**Government-Wide and Fund Financial Statements**—The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent of fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2004*

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *road fund* is a special revenue fund used to account for the expenditures of B & C road fund revenue received from the State of Utah.

The *solid waste fund* is a special revenue fund used to account for the County's expenditures to the landfill.

The *capital projects fund* is the government's fund to account for capital projects.

The *debt service fund* is the County's fund to receive transfers from other funds for debt service.

Additionally, the government reports the following fiduciary funds:

The *private-purpose trust fund* is used to account for funds donated locally to provide benefits unrelated to the County's operations.

The *agency fund* is used to track the liabilities associated with collecting money that does not belong to the County.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.



**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2004*

**Deposits and Investments**—The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Receivables and Payables**—All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances from/to other funds" (i.e., the noncurrent portion of interfund loans). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**Property Taxes**—The property tax revenue of the County is collected and distributed by Duchesne County. Utah statutes establish the process by which taxes are levied and collected. The County Assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the County Auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The County Auditor makes approved changes in assessed value by November 1 and on this same date the County Auditor is to deliver the completed assessment rolls to the County Treasurer. Tax notices are mailed with a due date of November 30. The tax assessments are considered past due January 15 after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Utah State legislation requires motor vehicles be subject to an age based fee that is due each time a vehicle is registered. The age based fee is for passenger type vehicles and ranges from \$10 to \$150 based on the age of the vehicle. The revenues collected in each County from motor vehicle fees is distributed by the County to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The County recognizes motor vehicle fees as property tax revenue when collected by the County.

As of December 31, 2004, property taxes receivable by the County includes uncollected taxes assessed as of the January 1, 2004 or earlier. The County expects that all taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the County Treasurer may force sale of property to collect the delinquent portion. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

**Inventories and Prepaid Items**—All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2004*

**Restricted Assets**—At times, the County may have funds set aside that are legally restricted or their use is limited by certain covenants. Restricted assets will be expended first when possible.

**Capital Assets**—Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual significant cost and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Infrastructure (roads and bridges) are not depreciated by the County. The County has adopted a modified approach to tracking the condition of infrastructure (please refer to related note disclosure). Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	5-15
Furniture & fixtures	15
Heavy equipment	18
Equipment	5
Vehicles	5-10
Office and computer equipment	3-10

**Compensated Absences**—The government's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for unpaid accumulated sick leave because the government does have a policy to pay certain amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Long-term Obligations**—In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2004*

reported as other financing uses. Principal payments and issuance costs (whether or not withheld from the actual debt proceeds received) are reported as debt service expenditures.

**Fund Equity**—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Data/Reclassifications**—Comparative total data for the prior year, if presented, have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**Use of Estimates**—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Budgetary Data**—Budgets are presented on the modified accrual basis of accounting for all governmental funds of the County. The following procedures are used in establishing the budgetary data:

- ▶ During November and December of each year, the County Auditor/Clerk prepares the budget for County's funds. The Auditor/Clerk submits this budget to the County Commissioners.
- ▶ Copies of the budget are made available for public inspection for seven days prior to adoption.
- ▶ The Commissioners hold a public hearing on or before December 22 of each year to receive public comment on the budget. Notice of such meeting to be published in newspaper or posted 2 weeks prior to hearing. Commissioner approval follows shortly thereafter.
- ▶ By June 22, the proposed tax rate based on the established budget is adopted by resolution or ordinance. If there is no increase in the certified tax rate, a final rate is adopted by June 22. A copy of the budget is certified by the budget officer and filed with County Auditor within thirty days of adoption.
- ▶ The proposed or final tax rate must also be submitted to County Auditor by June 22. If the County sets a proposed tax rate which exceeds the certified tax rate, it shall not adopt its final budget until the public hearing has been held. Until the hearing is held and a final budget and tax rate are adopted, the County may expend monies based on, 1) its tentative budget after adoption, or 2) its prior years' adopted final budget as amended, which must be readopted by resolution at a regular meeting of the governing body. Latest possible date for adoption in the case of an increased tax rate is August 17 (copy due to County Auditor within thirty days of adoption). Budgeted property taxes are the basis for determining the property tax levy.
- ▶ Budget shall be in effect subject to later amendment and shall be available for public inspection.
- ▶ Board may, by resolution, transfer unexpended appropriation from one department to another department within the same fund or they may reduce the budget in any department or fund. Specific restrictions apply.
- ▶ Board may increase the total budget in a fund after meeting notification and public hearing. The County did increase its budget near year-end.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2004*

**NOTE 2      Deposits and Investments**

Statutes authorize the County and Districts to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the state treasurer's investment pool. The amounts listed do not reflect amounts held in fiduciary funds. The note includes cash for the component units.

Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or District or their agents in the County or District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the County or District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the County or District's name.

The Utah Public Treasurers' Investment Fund (UPTIF) is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds.

**Cash Related to the Primary Government**

	Category			Carrying Amount	Fair Value
	1	2	3		
<b>Investments:</b>					
Zions repurchase agreement	-	133,010	-	133,010	133,010
Municipal bonds	-	1,515,000	-	1,515,000	1,515,000
Investment in Utah State Pool	-	-	-	8,002,393	8,002,393
<b>Total Investments</b>				<u>9,650,403</u>	<u>9,650,403</u>
<b>Deposits:</b>					
Checking accounts				-	-
Petty Cash				100	100
<b>Total Deposits</b>				<u>100</u>	<u>100</u>
<b>Total Investments and Deposits</b>				<u>\$ 9,650,503</u>	<u>\$ 9,650,503</u>

The County maintains a \$0 bank balance and the balance of liquid cash in a repurchase agreement that "sweeps" into the checking as cash needs require. Therefore, at December 31, 2004, the carrying amount of deposits was \$100 and the bank balance was \$0 in Zions First National Bank. Of these bank balances, \$100,000 is covered by FDIC insurance for each bank; thus, \$0 was at risk in Zions Bank. Deposits are not collateralized nor are they required to be by state statute.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2004*

**Cash Related to Duchesne County Special Service District #2 (a component unit)**

	Category			Carrying Amount	Fair Value
	1	2	3		
<b>Investments:</b>					
No applicable investments	-	-	-	\$ -	\$ -
Investment in Utah State Pool				<u>632,511</u>	<u>632,511</u>
<b>Total Investments</b>				<u>632,511</u>	<u>632,511</u>
<b>Deposits:</b>					
Checking Accounts				<u>3,308</u>	<u>3,308</u>
<b>Total Deposits</b>				<u>3,308</u>	<u>3,308</u>
<b>Total Investments and Deposits</b>				<u><u>\$ 635,819</u></u>	<u><u>\$ 635,819</u></u>

At December 31, 2004, the carrying amount of deposits was \$3,308 and the bank balance was \$3,308 in Zions First National Bank. Of these bank balances, \$100,000 is covered by FDIC insurance for each bank; thus, \$0 was at risk in Zions Bank. Deposits are not collateralized nor are they required to be by state statute.

**Cash Related to Fruitland Special Service District (a component unit)**

	Category			Carrying Amount	Fair Value
	1	2	3		
<b>Investments:</b>					
None	-	-	-	\$ -	\$ -
Investments in Utah State Pool				<u>184,247</u>	<u>184,247</u>
<b>Total Investments</b>				<u>184,247</u>	<u>184,247</u>
<b>Deposits:</b>					
Zions Checking Account				<u>7,188</u>	<u>7,188</u>
<b>Total Deposits</b>				<u>7,188</u>	<u>7,188</u>
<b>Total Investments and Deposits</b>				<u><u>\$ 191,435</u></u>	<u><u>\$ 191,435</u></u>

At December 31, 2004, the carrying amount of deposits was \$7,188 and the bank balance was \$63,130 in Zions Bank. Of these bank balances, \$100,000 is covered by FDIC insurance for each bank; thus, \$0 was at risk in Zions Bank. Deposits are not collateralized nor are they required to be by state statute.

The District has cash funds held in reserve or restricted for three different requirements at year-end. First, the District is required to make reserve payments into a Reserve and Emergency Repairs and Replacement Fund with interest accrual of at least 5% until there is \$88,000 accumulated. As per the estimated payment schedule, this repair and replacement fund has \$59,144. Second, annual amounts are accumulated in a sinking fund to ensure annual bond payments. This sinking fund has \$67,000. Lastly, impact fee reserves (amounts collected for purpose of capital outlay upon system connection) are recorded separately which amount \$0. Impact fees reserves were completely expended in the year 2004. These three reserve amounts total \$126,144.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2004*

**NOTE 3      Capital Assets**

Changes in the capital assets of the County are as follows. Amounts listed are net of accumulated depreciation except for infrastructure which follows the modified approach and is not depreciated.

<u>Assets</u>	<u>Balance</u> <u>12/31/03</u>	<u>Additions</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/04</u>
Infrastructure	\$ 21,485,870	\$ 376,172	\$ -	\$ -	\$ 21,862,042
Land	57,690	31,112	-	-	88,802
Buildings & furnishings	18,515,209	523,905	-	(363,101)	18,676,013
Equipment	<u>5,735,172</u>	<u>989,041</u>	-	<u>(542,162)</u>	<u>6,182,051</u>
Sub-total	45,793,941	1,920,230	-	(905,263)	46,808,908
Accumulated depreciation	<u>(10,507,085)</u>	-	<u>(1,134,911)</u>	<u>699,874</u>	<u>(10,942,122)</u>
Total	<u>\$ 35,286,856</u>	<u>\$ 1,920,230</u>	<u>\$ (1,134,911)</u>	<u>\$ (205,389)</u>	<u>\$ 35,866,786</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Department</u>	<u>Depreciation</u>
General	\$ 183,040
Roads	268,903
Sheriff & courts	177,493
Fire	165,198
Corrections	229,240
Health & sanitation	61,846
Culture & recreation	43,038
Community development	<u>6,153</u>
Total	<u>\$ 1,134,911</u>

**Capital Assets Related to Duchesne County Special Service District #2 (a component unit)**

The District did not have any capital asset activity during the year.

**Capital Assets Related to Fruitland Special Service District (a component unit)**

<u>Assets</u>	<u>Balance</u> <u>12/31/03</u>	<u>Additions</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/04</u>
Land	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000
Water system	3,198,433	32,622	-	-	3,231,055
Buildings & furnishings	29,392	-	-	-	29,392
Equipment	<u>5,860</u>	-	-	-	<u>5,860</u>
Sub-total	3,235,685	32,622	-	-	3,268,307
Accumulated depreciation	<u>(735,126)</u>	-	<u>(80,998)</u>	-	<u>(816,124)</u>
Total	<u>\$ 2,500,559</u>	<u>\$ 32,622</u>	<u>\$ (80,998)</u>	<u>\$ -</u>	<u>\$ 2,452,183</u>

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2004*

**NOTE 4 Long-term Debt**

**Long-term debt related to the primary government**

The County's long-term debt consists of the following obligations at December 31, 2004.

1996 Lease Revenue Bond	\$1,200,000 issued April 10, 1998, 0.00% interest, payments begin February 1, 2001 until maturity on February 1, 2025 at \$48,000 yearly. Bond is callable by County upon 30 days notice, first payment February 1, 2001.
1996A G. O. Bond	\$5,000,000 issued April 10, 1998, interest varies from 7.3% in 1999 to 5.0% in 2016, payments vary beginning January 1, 1999 until maturity on January 1, 2016. Bonds due on or after January 1, 2007 are callable by County on or after July 1, 2006 @ 100%. First interest payment July 1, 1998. Refunded October 21, 2004 except for a balance of \$250,000.
1996B G. O. Bond	\$2,000,000 issued April 10, 1998, 2.50% interest, payments vary beginning February 1, 2025. Bond is callable by County upon 30 days notice. First interest payment February 1, 2001.
1997A Lease Revenue Bond	\$206,250 issued April, 1998, 2.5% interest, payments begin April 1, 1999 averaging \$21,000 yearly.
2001 Lease Revenue Bond	\$1,100,000 issued August 9, 2001, 0.0% interest, payments begin March 1, 2003 averaging \$73,500 yearly.
2004 G. O. Refunding Bond	\$3,495,000 issued October 21, 2004, interest varies from 3.00% to 4.15%, payments begin January 1, 2005 ranging from \$30,000 to \$405,000 yearly.

<u>Amounts Outstanding:</u>	<u>2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>2004</u>	<u>Current</u>
1996 Lease Revenue Bond	\$ 1,056,000	\$ -	\$ 96,000	\$ 960,000	\$ 48,000
1996A G. O. Refunded Bond	3,790,000	-	3,540,000	250,000	250,000
1996B G.O. Bond	1,707,000	-	65,000	1,642,000	66,000
1997A Lease Revenue Bond	110,000	-	21,000	89,000	21,000
2001 Lease Revenue Bond	1,027,000	-	73,000	954,000	73,000
2004 G.O. Refunding Bond	-	3,495,000	65,000	3,430,000	30,000
Totals	<u>\$ 7,690,000</u>	<u>\$ 3,495,000</u>	<u>\$ 3,860,000</u>	<u>\$ 7,325,000</u>	<u>\$ 488,000</u>

The County issued G. O. bonds of \$3,495,000 and placed the money into trust for the future payments of \$3,300,000 of the 1996A G. O. bond (leaves balance of \$250,000). As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net assets. The refunding bonds exceeded the refunded bonds by \$195,000 which will be used to pay debt service on the old bond and new bond. The advance refunding was undertaken to reduce total

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2004*

debt service payments over the next 11 years by about \$150,000 and resulted in an economic gain of about \$90,000 after issuance costs, etc.

The County did have conduit debt of \$1,543,000. This conduit debt is debt in the name of the County on behalf of other entities who are responsible for the debt service. The County has elected to not report this conduit debt or its corresponding note receivables in the financial statements.

Required principal and interest payments on long-term debt are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 488,000	\$ 178,733
2006	501,000	164,408
2007	514,000	153,458
2008	520,000	142,133
2009	509,000	129,718
2010-14	2,787,000	440,905
2015-19	1,313,000	107,432
2020-24	693,000	32,050
Totals	<u>\$ 7,325,000</u>	<u>\$ 1,348,837</u>

**Long-term debt related to the Duchesne County Special Service District**

The District did not have any long-term debt or any debt activity during the year.

**Long-term debt related to the Fruitland Special Service District**

- Loan A: State of Utah Department of Water Resource Revenue Bond 1989A, payments of \$21,000, 0% interest for 25 years, matures year 2015, face amount of \$750,000.
- Loan B: State of Utah Department of Water Resource Revenue Bonds 1989B & C, payments average \$19,000, 0% interest for 25 years, matures year 2015, face amount of \$680,000.
- Loan C: State of Utah Parity Water Revenue Bond 1998A, payments of \$4-6,000, 2.5% interest for 25 years, matures year 2023, face amount of \$120,000.
- Loan D: State of Utah Parity Water Revenue Bond 1998B, payments of \$8-10,000 and later \$80,000, 0% interest for 20 years, matures year 2019, face amount of \$400,000.

<u>Amounts Outstanding:</u>	<u>2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>2004</u>	<u>Current</u>
1989A Revenue Bond	\$ 499,000	\$ -	\$ 56,000	\$ 443,000	\$ 28,000
1989B&C Revenue Bond	422,000	-	50,000	372,000	25,000
1998A Revenue Bond	92,662	-	4,000	88,662	4,000
1998B Revenue Bond	344,152	-	16,000	328,152	10,000
Totals	<u>\$ 1,357,814</u>	<u>\$ -</u>	<u>\$ 126,000</u>	<u>\$ 1,231,814</u>	<u>\$ 67,000</u>



**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2004*

Required principal and interest payments on long-term debt are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 67,000	\$ 2,217
2006	85,000	2,117
2007	85,000	2,017
2008	86,000	1,917
2009	86,000	1,817
2010-14	476,000	7,210
2015-19	332,152	4,085
2020-24	14,662	801
Totals	<u>\$ 1,231,814</u>	<u>\$ 22,181</u>

**NOTE 5      Employer Contributing to a Cost Sharing Multiple Employer Defined Benefit Pension Plan**

**Plan Description.** The County contributes to the Local Governmental Contributory Retirement System and Public Safety Retirement System for employers with Social Security Coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Funding Policy.** For January 2004 to June 2004, plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (6.00% is paid by the County for the employee) and the County is required to contribute 5.61% of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage plan members are required to contribute 12.29% of their salary (7.09% is paid by the County for the employee) and the County is required to contribute 4.52% of their salary.

For July 2004 to December 2004 plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (6.00% is paid by the County for the employee) and the County is required to contribute 7.08% of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage plan members are required to contribute 12.29% of their salary (5.38% is paid by the County for the employee) and the County is required to contribute 7.70% of their salary.

The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2004*

**Contributions.** The County contributions to the Local Governmental Contributory Retirement System for the years ending December 31, 2004, 2003, and 2002 were as follows. The contributions were equal to the required contributions for each year.

<u>Salary subject to retirement System Contributions</u>	<u>Year Ended December 31</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>
Local Governmental - Contributory:				
2,136,561	2004	0.00	128,194	135,782
1,881,807	2003	0.00	112,907	97,058
1,856,320	2002	0.00	111,379	82,383
Public Safety - Contributory:				
1,484,271	2004	89,803	92,615	90,558
1,388,304	2003	62,565	108,058	46,820
1,308,024	2002	54,336	106,418	29,993
457 Plan Contributions:				
	2004	2,007	0.00	N/A
	2003	1,774	0.00	N/A
	2002	10,367	0.00	N/A
401 (k) Contributions:				
	2004	27,566	64,002	N/A
	2003	25,904	55,311	N/A
	2002	27,215	51,468	N/A

**NOTE 6     Litigation**

There are pending and continuing lawsuits in which the County is involved. County officials estimate that the potential liability not covered by insurance which might result from such litigation would not materially affect the financial position of the County.

A law suit was filed March 7, 2003 for \$9,050,000. The outcome and estimated liability is unknown and inestimable.

Six other suits exist, but their potential for liability to the County is immaterial.

## Combining Statements

Duchesne County  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2004

	Library	Grants	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 224,483	\$ (302,295)	\$ (77,812)
Receivables, net of allowances:			
Taxes or customer	22,009	-	22,009
Delinquent taxes	-	-	-
Interest	-	-	-
Intergovernmental	-	306,238	306,238
Prepaid expenses	-	-	-
Investment in joint venture	-	-	-
<b>Total Assets</b>	<u><u>\$ 246,492</u></u>	<u><u>\$ 3,943</u></u>	<u><u>\$ 250,435</u></u>
<b>Liabilities &amp; Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 298	\$ 298
Accrued payroll and related items	6,696	-	6,696
Deferred revenue	-	64,495	64,495
<b>Total Liabilities</b>	6,696	64,793	71,489
<b>Fund Balances:</b>			
Designated balance	-	-	-
Reserved balance	239,796	(60,850)	178,946
Unreserved	-	-	-
<b>Total Fund Equity</b>	<u><u>239,796</u></u>	<u><u>(60,850)</u></u>	<u><u>178,946</u></u>
<b>Total Liabilities &amp; Fund Balances</b>	<u><u>\$ 246,492</u></u>	<u><u>\$ 3,943</u></u>	<u><u>\$ 250,435</u></u>

See accompanying notes.

Duchesne County  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2004

	Library	Grants	Total
<b>Revenues:</b>			
Taxes	\$ 121,375	\$ -	\$ 121,375
Licenses and permits	-	-	-
Intergovernmental	67,908	963,902	1,031,810
Charges for services, fees	6,969	-	6,969
Miscellaneous	-	-	-
Earnings on investments	4,258	-	4,258
Total Revenue	200,510	963,902	1,164,412
<b>Expenditures:</b>			
General government	-	-	-
Public safety	-	188,455	188,455
Public health	-	-	-
Highways & public improvements	-	-	-
Culture and recreation	186,332	-	186,332
Community & economic development	-	407,582	407,582
Capital outlay	2,606	349,960	352,566
Debt Service:			
Principal	-	-	-
Bond issuance costs	-	-	-
Interest & fees	-	-	-
Total Expenditures	188,938	945,997	1,134,935
Excess (deficiency) of revenue over expenditures	11,572	17,905	29,477
<b>Other Sources &amp; Uses:</b>			
Refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Operating transfer in	-	30,780	30,780
Operating transfer (out)	(25,000)	(26,475)	(51,475)
Excess (deficiency) of revenue over expenditures after other sources & uses	(13,428)	22,210	8,782
Fund balance, January 1	253,224	(83,060)	170,164
Fund balance, December 31	\$ 239,796	\$ (60,850)	\$ 178,946

See accompanying notes.

Duchesne County  
**COMBINING STATEMENT OF NET ASSETS**  
**COMPONENT UNITS**  
December 31, 2004

	Fruitland Water	Special Service District No. 2	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 191,435	\$ 635,819	\$ 827,254
Receivables, net of allowances:			
Taxes or customer	16,310	-	16,310
Delinquent property taxes	-	-	-
Interest	-	-	-
Intergovernmental	-	567,469	567,469
Prepaid expenses	43	-	43
Total current assets	207,788	1,203,288	1,411,076
Non current assets:			
Capital assets, net of accumulated depreciation	2,450,183	-	2,450,183
Land & infrastructure	127,601	-	127,601
Investment in joint venture	-	-	-
Total noncurrent assets	2,577,784	-	2,577,784
<b>Total Assets</b>	<b>\$ 2,785,572</b>	<b>\$ 1,203,288</b>	<b>\$ 3,988,860</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 903	\$ -	\$ 903
Deferred revenue	2,557	-	2,557
Accrued payroll and related items	2,976	-	2,976
Note & bonds payable-current	67,000	-	67,000
Total current liabilities	73,436	-	73,436
Noncurrent liabilities:			
Notes & bonds payable-long-term	1,164,814	-	1,164,814
Total noncurrent liabilities	1,164,814	-	1,164,814
<b>Total Liabilities</b>	<b>1,238,250</b>	<b>-</b>	<b>1,238,250</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	1,220,369	-	1,220,369
Restricted assets	126,144	-	126,144
Unrestricted assets	200,809	1,203,288	1,404,097
Total Net Assets	1,547,322	1,203,288	2,750,610
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$ 2,785,572</b>	<b>\$ 1,203,288</b>	<b>\$ 3,988,860</b>

See accompanying notes.

**Duchesne County**  
**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
For the Year Ended December 31, 2004

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total
<b>Fruitland Water</b>					
Culinary water services	\$ 141,669	\$ 161,361	\$ -	\$ 64,000	\$ 83,692
Total Fruitland Water	141,669	161,361	-	64,000	83,692
<b>Special Service District No. 2</b>					
Road maintenance & construction	965,917	-	1,431,889	-	465,972
Total Special Service District No. 2	965,917	-	1,431,889	-	465,972
Total Component Units	1,107,586	161,361	1,431,889	64,000	549,664
<b>General Revenues:</b>					
Fees in lieu of taxes				42,068	42,068
Property taxes				-	-
Sales taxes				-	-
Earnings on investments				13,029	16,260
Total General Revenues				55,097	58,328
Change in Net Assets				86,923	607,992
Beginning Net Assets				1,460,399	2,142,618
Ending Net Assets				\$ 1,547,322	\$ 2,750,610

See accompanying notes.  
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Schedules



**Duchesne County**  
**SCHEDULE OF CONDITION ASSESSMENT FOR INFRASTRUCTURE**  
**December 31, 2004**

<u>Type of Infrastructure:</u>	<u>Condition Assessment (5 is best)</u>					<u>Average Condition</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	
<b><u>Roads</u></b>						
Paved road 24' wide, 30' wide with shoulders	27	36	107	89	107	366
Actual Percentage	7%	10%	29%	24%	29%	3.59
Target Condition Percentage	10%	10%	30%	25%	25%	3.45
Gravel roads with no shoulders--18' to 24' wide	-	21	170	98	131	420
Actual Percentage	0%	5%	41%	23%	31%	3.80
Target Condition Percentage	0%	5%	40%	25%	30%	3.80
Dirt roads with no shoulders--16' to 24' wide	122	124	62	-	-	309
Actual Percentage	40%	40%	20%	0%	0%	1.81
Target Condition Percentage	40%	40%	20%	0%	0%	1.80
<b><u>Bridges</u></b>						
Bridges--lengths 20' to 75', widths 16' to 24'	-	-	14	8	28	50
Actual Percentage	0%	0%	28%	16%	56%	4.28
Target Condition Percentage	0%	0%	30%	15%	55%	4.25

**Note:** The County has adopted the current road condition as the targeted condition so as the roads do not worsen throughout. The County has the opportunity to adopt a new standard as necessary. The County has assessed the system in the year 2004. The County has agreed to assess road and bridge conditions at least one-third each year.

# **DUCHESNE COUNTY** **Treasurer's Statement of Current Taxes Levied and Collected Including Treasurer's Relief** **For the year ending December 31, 2004**

Taxing Unit	Local & State Real Property	Personal Property Value	Current Year Tax Rate	Prior Year Tax Rate	Real Property Tax	Personal Property Tax	Total Tax	Unpaid Taxes	Treasurer's Relief				Total Relief	Taxes Collected	Percent Collected	Fees In-Lieu	Misc.	Tax	Delinquent/Redemption	
									Abate-ments	Other									Penalty	Total Collections
County General	661,374,104	25,120,167	0.003219	0.003402	2,128,963	85,459	2,214,422	111,781	35,712	7,984			155,477	2,058,945	92.98%	298,017	55,009	129,192	86,736	2,627,899
Assessing & Collecting:																				
Local																				
State	661,374,104	25,120,167	0.000245	0.000259	162,037	6,506	168,543	8,508	2,718	610			11,836	156,707	92.98%	22,682	4,130	9,823	922	194,264
County Library	661,374,104	25,120,167	0.000180	0.000181	119,047	4,547	123,594	6,251	1,997	215			8,463	115,132	93.15%	16,665	2,909	6,863	664	142,233
School District:																				
Local School	661,374,104	25,120,167	0.000317	0.000342	103,174	4,145	107,319	5,417	1,731	390			7,538	99,781	92.98%	14,443	2,631	6,278	591	123,724
State School	661,374,104	25,120,167	0.006171	0.006171	4,177,900	155,017	4,332,917	219,359	70,081	2,982			292,422	4,040,495	93.25%	584,833	99,835	229,707	21,736	4,976,606
Altamont City	4,014,095	389,291	0.001800	0.001825	1,190,473	45,844	1,236,317	62,505	19,969	2,522			84,996	1,151,321	93.12%	166,645	29,271	67,743	6,387	1,421,367
Duchesne City	24,026,270	2,495,398	0.002866	0.002944	10,842	1,146	11,988	436	712	184			1,332	10,657	88.90%	5,458	664	574	24	17,377
Myton City	4,321,430	347,511	0.003411	0.003521	68,859	7,187	76,046	4,772	4,085	(344)			8,513	67,533	88.81%	19,266	3,655	5,392	474	96,320
Roosevelt City	100,664,124	8,779,174	0.004566	0.004521	14,740	1,224	15,964	2,553	838	134			3,525	12,439	77.92%	12,167	1,002	2,526	214	28,348
Tahiona Town	2,077,785	93,946	0.002004	0.002018	449,566	37,171	486,737	21,535	11,424	(1,091)			31,868	454,869	93.45%	94,175	14,384	22,791	1,547	587,766
Hanna Water & Sewer	15,635,990	171,552	0.000676	0.000800	4,164	190	4,354	238	426	55			719	3,635	83.50%	3,439	420	178	22	7,694
Pinon Forest	35,316,005	52,815	0.000352	0.000387	10,570	137	10,707	593	222	24			839	9,868	92.16%	1,174	351	355	35	11,783
Mosquito Abatement	661,374,104	25,120,167	0.000313	0.000342	12,431	20	12,451	1,205	242	(3)			1,444	11,007	88.40%	868	371	1,390	204	13,840
Tabby Valley Parks & Rec.	29,352,690	28,709	0.000800	0.000800	207,010	8,591	215,601	10,869	3,472	1,057			15,398	200,202	92.86%	28,978	5,419	13,042	1,223	248,864
Central Utah Water	661,374,104	25,120,167	0.000342	0.000342	23,482		23,482	1,845	500	(23)			2,322	21,159	90.11%	540	285			22,019
East Duchesne Water	20,680,005	544,995	0.000353	0.000342	233,465	8,591	242,056	12,258	3,916	95			16,269	225,787	93.28%	32,681	5,557	13,108	1,267	278,400
Johnson Water	37,163,030	2,599,362	0.000298	0.000309	6,163	168	6,331	903	178	(7)			1,074	5,258	83.05%	1,187	166	483	52	7,146
Upper Country Water	44,956,800	1,300,889	0.000530	0.000583	20,440	1,515	21,955	1,350	350	20			1,720	20,236	92.17%	5,262	969	1,453	167	28,087
Duchesne Co. Water Cons.	661,374,104	25,120,167	0.002532	0.002719	113,831	3,537	117,368	4,388	2,934	606			7,928	109,440	93.25%	26,876	2,963	7,478	683	147,440
Neola Park Improvement	56,573,640	2,345,480	0.000370	0.000372	23,481	9,345	24,826	12,154	3,883	921			16,958	22,868	92.96%	32,403	5,916	14,031	1,310	277,528
Totals			0.000370	0.000407	20,932	955	21,887	530	285	98			913	20,974	95.83%	2,080	403	503	36	23,996
							9,690,865	489,450	165,675	16,429			671,554	9,019,313		1,369,839	236,310	532,910	124,329	11,282,701

Note: Amounts based on a tax year of January 15, 2004 to January 15, 2005. Balances may vary from financial statements due to timing differences.  
Balances do not include amounts received directly from State Tax Commission, for example, State fee-in-lieu taxes.

Government Reports

**Duchesne County**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*Year Ended December 31, 2004*

<b>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Identifying Number</b>	<b>Federal Expenditures</b>
<i>US Department of Homeland Security</i>			
Direct Programs:			
Homeland Security Grant	97.067	2003-04 Region V	<u>332,505</u>
Total			332,505
<i>US Department of Agriculture</i>			
Division of Natural Resources			
Direct Programs:			
Grassland	10.666	n/a	40,212
Forest Service	10.670	n/a	75,987
Fire equipment grant	10.na	n/a	<u>22,332</u>
Total			138,531
<i>US Department of Justice</i>			
Pass-through programs from:			
Utah Department of Justice:			
Domestic Violence Grants:			
V.O.C.A.	16.589	Utah 2004	13,236
Domestic Violence	16.589	Utah 2004	<u>29,160</u>
Total			42,396
Total Expenditures of Federal Awards			<u>\$ 513,431</u>

NOTE A: The accompanying schedule of expenditures of federal awards is a summary of the activity of Duchesne County's federal awards programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.



**AYCOCK, MILES & ASSOCIATES, CPAs, P.C.**

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**Report on Compliance and on Internal Control over Financial Reporting Based on an  
Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Honorable County Commissioners  
Duchesne County  
Duchesne, Utah 84021

We have audited the general purpose financial statements of Duchesne County as of and for the year ended December 31, 2004, and have issued our report thereon dated June 16, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Duchesne County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Aycock, miles & Associates, CPAs, P.C.*

June 16, 2005



**AYCOCK, MILES & ASSOCIATES, CPAs, P.C.**

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**Report on Compliance With Requirements Applicable to Each Major Program And  
Internal Control Over Compliance in Accordance With OMB Circular A-133**

Honorable County Commissioners  
Duchesne County  
Duchesne, Utah 84021

Compliance

We have audited the compliance of the Duchesne County, (the County), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the Duchesne County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on County's compliance with those requirements.

In our opinion, the Duchesne County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control over Compliance

The management of Duchesne County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the County as of and for the year ended December 31, 2004, and have issued our report dated June 16, 2005. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and should not be used by anyone other than these specified parties.

Aycock miles & Associates, CPAs, P.C.

June 16, 2005

## **Schedule of Prior & Current Year Findings And Questioned Costs**

This report summarizes the years ending December 31, 2004 and 2003. This report discusses four key areas: 1) a summary of auditor's results, 2) findings related to the financial statements, 3) findings and questioned costs related to federal awards, and 4) findings related to Utah State compliance requirements.

### **Summary of Auditors' Results for 2004**

#### ***Financial Statement Opinion***

We issued an unqualified opinion on the general purpose financial statements of Duchesne County.

#### ***Internal Control Reportable Conditions***

No reportable conditions were noted in the Report on Compliance and on Internal Control over Financial Reporting.

#### ***Noncompliance Material to the Financial Statements***

We noted no noncompliance material to the financial statements.

#### ***Major Program Internal Controls Over Compliance***

There were no reportable conditions relating to major program internal controls.

#### ***Opinion on Compliance for Major Programs***

In our opinion, the County complied, in all material respects, with compliance requirements, laws, and regulations applicable to its major programs.

#### ***Audit Findings Required to be Disclosed under OMB A-133 §.510(a)***

There are no audit findings under OMB A-133 §.510(a).

#### ***Major Programs Identified***

Based on the high and low-risk criteria and threshold amounts, there was one major program identified: 1) Homeland Security Grant (CFDA Number 97.067).

#### ***Dollar Threshold Used to Determine Type A & B Programs***

The threshold used in this Single Audit was \$300,000 in determining Type A or B programs.

#### ***Low-Risk or High-Risk Auditee***

The District qualified to be a low-risk auditee.



Findings Related to the General Purpose Financial Statements

No current or prior year findings in this area.

Findings and Questioned Costs Related to Federal Awards

No current or prior year findings in this area.

State of Utah General Compliance

2004-1 Reportable Condition

Purchase orders were not utilized as described in the County's purchasing policy.

Criteria

The County's purchasing policy indicates that purchase orders (approval prior to purchase requisitions) are to be used when certain dollar amount thresholds are exceeded. Utah State Law requires that Counties adhere to their own purchasing policies.

Effect

The purpose of purchase orders is to verify competitive quotes, budget compliance, necessity of purchase, etc. Without the purchase order system working properly, the objectives may not be reached.

Recommendation

We recommend that the Commissioners reprimand employees until compliant and urge elected officials to adhere to their duties of office by upholding resolutions of the County Commission.

2004-2 Reportable Condition

Five departments of the County were over budget for year ending December 31, 2004.

Criteria

Budgets are in place at the County so that expenditures are maintained within the amount of appropriations or revenues.

Effect

Exceeding budgeted amounts can lead to deficit fund balances or reduced appropriations for future years.

Recommendation

We recommend that all elected officials monitor the expenditure levels of their applicable departments.

June 16, 2005



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### **Independent Auditors' Report on State of Utah Legal Compliance**

Honorable County Commissioners, Duchesne County  
Duchesne County, Duchesne, Utah

We have audited the general purpose financial statements of Duchesne County, Utah, for the year ended December 31, 2004 and have issued our report thereon dated June 16, 2005. As part of our audit, we have audited Duchesne County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the *State of Utah's Legal Compliance Audit Guide* for the year ended December 31, 2004. The County received the following major State assistance programs from the State of Utah:

B Road Funds

Liquor Law Enforcement Funds

CIB Fire Equipment Grant/Loan

The County received a nonmajor grant which is not required to be audited for specific compliance requirements; however, these programs, if any, were subject to testwork as part of the audit of Duchesne County's financial statements. The County received the following nonmajor assistance from the State of Utah:

Children's Justice Center

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the *State of Utah's Legal Compliance Audit Guide*, including:

Justice of Peace

Purchasing Requirements

Other Compliance Requirements

Public Debt

Budgetary Compliance Property Tax

Cash Management

The management of Duchesne County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether a material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for my opinion.

The results of our audit procedures disclosed two instances of noncompliance with the above requirements. These two instances can be read on page 47 in the report of current and prior year findings.

In our opinion, Duchesne County complied, in all material respects, with the general compliance requirements and major assistance requirements identified above for the year ended December 31, 2004.

*Aycock, Miles & Associates, CPAs, P.C.*

June 16, 2005